

# Town of Framingham

---

## FY2016

### *Residential Factor Determination and Tax Classification Hearing per MLG Ch. 40 s.56*

---

November 17, 2015

Presented by:

#### Framingham Board of Assessors

Arthur Holmes, MAA - Chairman

Kathryn Peirce, MAA - Clerk

Elizabeth Fekete - Member

---

William G. Naser, MAA - Chief Assessor

# FY2016 – Interim Year

Value Assessment date is January 1, 2015 for FY2016

- All values are analyzed by reviewing the following:
  - **RESIDENTIAL VALUES** - Real estate sales from Calendar Year 2014, and if necessary, a portion of Calendar Year 2015; also information from Marshall & Swift residential cost manual.
  - **COMMERCIAL & INDUSTRIAL VALUES** – Industry sources and use of written returns of information for real property, from Calendar Year 2014 property income and expenses.
  - **PERSONAL PROPERTY VALUES** – Cost tables and use of written returns of information on business assets from Calendar Year 2014.

# Value Change - FY 2015 vs. FY 2016

	FY2015		FY2016		OVERALL CHANGE	
	ASSESSED VALUATION	% OF TOTAL	ASSESSED VALUATION	% OF TOTAL	ASSESSED VALUATION	% CHANGE
<b>PROPERTY CLASS</b>						
RESIDENTIAL	5,818,671,300	76.47%	6,081,822,099	76.55%	263,150,799	4.52%
OPEN SPACE	-	0.00%	-	0.00%	-	-
TOTAL RES. & OS	5,818,671,300	76.47%	6,081,822,099	76.55%	263,150,799	4.52%
COMMERCIAL	1,299,872,350	17.08%	1,346,998,840	16.95%	47,126,490	3.63%
INDUSTRIAL	267,785,500	3.52%	261,459,900	3.29%	(6,325,600)	-2.36%
PERSONAL	223,149,421	2.93%	254,734,904	3.21%	31,585,483	14.15%
TOTAL CIP	1,790,807,271	23.53%	1,863,193,644	23.45%	72,386,373	4.04%
TOTAL	7,609,478,571	100%	7,945,015,743	100%	335,537,172	4.41%

# Value Summary – Overall percent adjustments

- RESIDENTIAL Properties increase by 4.5%

Class 1 Residential (18,480 total parcels, 13,437 single family homes)

- COMMERCIAL Properties increase by 3.6%

Class 3 Commercial (865 parcels)

- INDUSTRIAL Properties decrease by 2.4%

Class 4 Industrial (108 parcels)

- PERSONAL Property increase by 14.1%

Class 5 Personal (Business assets, 731 accounts)

# PERSONAL PROPERTY VALUE INCREASE

---

Framingham experienced a value increase in the Personal Property value category.

The majority of the value increase came from property type 501's and 502's, which are individual businesses and business corporations. We added new accounts and thoroughly reviewed all existing accounts which garnered significantly more in value.

# Value Trends

## Residential – 2 major segments:

- Single family – parcel increase (+28) & value increase
- Condominiums – parcel increase (+87) & value increase....and will continue to grow with new projects such as Montage, Clark's Hill.

## Commercial & Industrial – 2 segments:

- Modest increase in the commercial area and a slight decrease in the industrial area for current Fiscal Year.... Projecting stability in industrial area, and stable to modest increase in the commercial value area with anticipated projects, such as Old Connecticut Path, Shoppers World.

## Personal Property (Business assets)

- Our smallest value segment. This is an area that needed better attention and we have started with a 14% increase for this year and anticipate similar growth next year.

# TAX LEVY GROWTH (New Growth)

The tax levy growth is new construction value increase or items not previously assessed, which is added to increase value in either real or personal property areas. Then converted to a tax amount as part of the proposition 2.5% calculation.

New Growth Valuation was **70,004,390** which translated to tax levy growth of **\$2,073,552 for FY2016.**

# TAX LEVY GROWTH – FY2016 and prior years

Fiscal Year		NEW GROWTH VALUATION	PRIOR YEAR TAX RATE	TAX LEVY GROWTH	TOTAL TAX LEVY GROWTH
2016	RES	30,983,400	0.01782	\$ 552,124	\$ 2,073,553
	CIP	39,020,990	0.03899	\$ 1,521,428	
2015	Total	31,792,031	-	-	\$ 948,337
2014	Total	29,397,376	-	-	\$ 872,416
2013	Total	29,088,223	-	-	\$ 1,563,656
2012	Total	49,894,697	-	-	\$ 1,632,650



# PROPERTY TAX LEVY

The property tax levy is the revenue a community can raise through real and personal property taxes.

The FY2016 tax levy is: **\$176,466,163**

# Development of Tax Rate

## **STEP 1:**

### **Establish Property Values**

- Residential/Open Space 6,081,822,099
  - Comm/Ind/Per Property 1,863,193,644
- TOTAL TAXABLE VALUE 7,945,015,743**

(Note: Exempt real property value is 989,803,500)

# Development of Tax Rate

## **STEP 2:**

### **Determine Single Tax Rate for All Property Classes**

• Residential/Open Space	6,081,822,099
• Comm/Ind/PersProp	<u>1,863,193,644</u>
• TOTAL TAXABLE VALUE	<b>7,945,015,743</b>

---

**Tax Levy divided by Total Taxable Value OR**

$$\text{\$176,466,163,718} / 7,945,015,743 = 0.02221$$

**OR**

**\\$22.21/1000 value**

**Average Single Family Tax Bill would be \\$7,752**

# Development of Tax Rate

## STEP 3:

### Determine Split Tax Rate for Property Classes

#### Estimated Tax Rates (DOR approves tax rates)

RES. factor	CIP shift	Residential	Open Space	Commercial	Industrial	Personal Property	RES share percentage	CIP share percentage
80.09	1.65	17.79	-	36.65	36.65	36.65	61.31	38.69
79.78	1.66	17.72	-	36.87	36.87	36.87	61.07	38.93
79.47	1.67	17.65	-	37.09	37.09	37.09	60.84	39.16
<b>79.17</b>	<b>1.68</b>	<b>17.58</b>	<b>-</b>	<b>37.31</b>	<b>37.31</b>	<b>37.31</b>	<b>60.60</b>	<b>39.40</b>
<b>78.86</b>	<b>1.69</b>	<b>17.52</b>	<b>-</b>	<b>37.54</b>	<b>37.54</b>	<b>37.54</b>	<b>60.37</b>	<b>39.63</b>
<b>78.56</b>	<b>1.70</b>	<b>17.45</b>	<b>-</b>	<b>37.76</b>	<b>37.76</b>	<b>37.76</b>	<b>60.13</b>	<b>39.87</b>
<b>78.25</b>	<b>1.71</b>	<b>17.38</b>	<b>-</b>	<b>37.98</b>	<b>37.98</b>	<b>37.98</b>	<b>59.90</b>	<b>40.10</b>
<b>77.94</b>	<b>1.72</b>	<b>17.31</b>	<b>-</b>	<b>38.20</b>	<b>38.20</b>	<b>38.20</b>	<b>59.66</b>	<b>40.34</b>
77.64	1.73	17.24	-	38.42	38.42	38.42	59.43	40.57
77.33	1.74	17.18	-	38.65	38.65	38.65	59.20	40.80
77.02	1.75	17.11	-	38.87	38.87	38.87	58.96	41.04

# AVERAGE SINGLE FAMILY HOME TAX BILL

Estimated RE Tax - Average SF Dwelling using factors from 1.65-1.75			
CIP Shift Factor	RESIDENTIAL RATE	AVERAGE SINGLE FAMILY VALUE - FY16	FY16 Tax Amount
1.65	\$17.79	349,000	\$6,209
1.66	\$17.73	349,000	\$6,188
1.67	\$17.66	349,000	\$6,163
1.68	\$17.59	349,000	\$6,139
1.69	\$17.52	349,000	\$6,114
1.70	\$17.45	349,000	\$6,090
1.71	\$17.38	349,000	\$6,066
1.72	\$17.32	349,000	\$6,045
1.73	\$17.25	349,000	\$6,020
1.74	\$17.18	349,000	\$5,996
1.75	\$17.11	349,000	\$5,971

## SINGLE FAMILY

**AVERAGE: value, tax bill, tax bill percent increase from previous year**

FISCAL YEAR	TOTAL VALUE-SINGLE FAMILY PARCELS	NUMBER OF SINGLE FAMILY PARCELS	AVERAGE SINGLE FAMILY VALUE	RES. TAX RATE	AVERAGE SF TAX BILL	TAX BILL AMOUNT % INCREASE FROM PREVIOUS YEAR
<b>*2016</b>	<b>4,688,782,300</b>	<b>13,437</b>	<b>349,000</b>	<b>\$ 17.38</b>	<b>\$ 6,066</b>	<b>1.91%</b>
2015	4,479,269,900	13,408	334,074	\$ 17.82	\$ 5,952	0.51%
2014	4,336,780,200	13,394	323,785	\$ 18.29	\$ 5,922	2.41%
2013	4,336,186,300	13,377	324,152	\$ 17.84	\$ 5,783	0.15%
2012	4,556,448,100	13,368	340,847	\$ 16.94	\$ 5,774	11.10%
2011	4,331,822,600	13,361	324,214	\$ 16.03	\$ 5,197	-
*FY2016 Res. rate based upon 1.71 CIP shift and tax levy amount of \$176,466,163.						
Tax Bill dollar amount increase from FY2015 to FY2016 is \$114.						

# Commercial Property TAX BILL

Estimated RE Tax - Average COMMERCIAL Property using factors from 1.65-1.75			
CIP Shift Factor	CIP RATE	AVERAGE COMMERCIAL VALUE - FY16	FY16 Tax Amount
1.65	36.66	1,530,375	\$56,104
1.66	36.88	1,530,375	\$56,440
1.67	37.11	1,530,375	\$56,792
1.68	37.33	1,530,375	\$57,129
1.69	37.55	1,530,375	\$57,466
1.70	37.77	1,530,375	\$57,802
1.71	37.98	1,530,375	\$58,124
1.72	38.22	1,530,375	\$58,491
1.73	38.44	1,530,375	\$58,828
1.74	38.66	1,530,375	\$59,164
1.75	38.88	1,530,375	\$59,501

# Required Hearing Decisions by BOS

## REQUIRED to choose

- Choose Residential Factor/CIP shift for FY2016 (amount of tax burden shift)

---

## OPTIONAL (yes or no)

- Choose to have a Residential Exemption for FY2016

Framingham has not adopted this previously. Adopting a residential exemption increases the residential tax rate because it shifts tax burden from moderately valued properties to rental and vacation properties. This option is typically in high rental areas such as Boston, Cambridge, Tisbury, etc. 13 out of 351 communities elected this option for FY2015.

## OPTIONAL (yes or no)

- Choose to have a Small Business Exemption for FY2016

Framingham has not adopted this previously. A small commercial business exemption is an option that can reduce small business valuation by up to 10%. This option increases the CIP tax rate. This option reduces the tax amount for small businesses and shifts tax burden to larger commercial and industrial taxpayers. This has been previously adopted by 10 out of 351 communities, such as Bellingham, Wrentham, and Seekonk.

## OPTIONAL (yes or no)

- Choose to have a Open Space Discount for FY2016

Framingham has not adopted this previously. This option allows for all Class 2 properties to be reduced to no less than 75% of its full and fair cash value. If a community has Class 2 Open Space properties and opts for this discount, the tax rate is reduced for Open Space properties and shifts the tax burden to the residential class which creates a higher residential tax rate. This was adopted by Nantucket and Bedford in FY2015.





# Thank You



# Administration Recommendation

- Maintain 1.71 CIP Shift

Estimated Tax Rates (DOR approves tax rates)								
RES. factor	CIP shift	Residential	Open Space	Commercial	Industrial	Personal Property	RES share percentage	CIP share percentage
80.09	1.65	17.79	-	36.65	36.65	36.65	61.31	38.69
79.78	1.66	17.72	-	36.87	36.87	36.87	61.07	38.93
79.47	1.67	17.65	-	37.09	37.09	37.09	60.84	39.16
<b>79.17</b>	<b>1.68</b>	<b>17.58</b>	-	<b>37.31</b>	<b>37.31</b>	<b>37.31</b>	<b>60.60</b>	<b>39.40</b>
<b>78.86</b>	<b>1.69</b>	<b>17.52</b>	-	<b>37.54</b>	<b>37.54</b>	<b>37.54</b>	<b>60.37</b>	<b>39.63</b>
<b>78.56</b>	<b>1.70</b>	<b>17.45</b>	-	<b>37.76</b>	<b>37.76</b>	<b>37.76</b>	<b>60.13</b>	<b>39.87</b>
<b>78.25</b>	<b>1.71</b>	<b>17.38</b>	-	<b>37.98</b>	<b>37.98</b>	<b>37.98</b>	<b>59.90</b>	<b>40.10</b>
<b>77.94</b>	<b>1.72</b>	<b>17.31</b>	-	<b>38.20</b>	<b>38.20</b>	<b>38.20</b>	<b>59.66</b>	<b>40.34</b>
77.64	1.73	17.24	-	38.42	38.42	38.42	59.43	40.57
77.33	1.74	17.18	-	38.65	38.65	38.65	59.20	40.80
77.02	1.75	17.11	-	38.87	38.87	38.87	58.96	41.04